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Viewing cable 09BAKU177, DO US A FAVOR": IRANIAN EXPORTER DISCUSSES REGIME

If you are new to these pages, please read an introduction on the [structure of a cable](#) as well as how to [discuss them](#) with others. See also the [FAQs](#)

Understanding cables

Every cable message consists of three parts:

- The top box shows each cable's unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#09BAKU177**.

Reference ID	Created	Released	Classification	Origin
09BAKU177	2009-03-06 09:55	2011-08-30 01:44	SECRET	Embassy Baku

Appears in these articles:

<http://www.mcclatchydc.com/2011/04/17/112290/state-department-cables-reveal.html>

VZCZCXYZ0015
RR RUEHWEB

DE RUEHKB #0177/01 0650955
ZNY SSSSS ZZH
R 060955Z MAR 09
FM AMEMBASSY BAKU
TO RUEHC/SECSTATE WASHDC 0868
INFO RUCNIRA/IRAN COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 3273
RUEHMO/AMEMBASSY MOSCOW 0807
RHMFISS/CDR USCENTCOM MACDILL AFB FL
RHMFISS/CDR USEUCOM VAHINGEN GE
RUEAIIA/CIA WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKDIA/DIA WASHDC
RUEKJCS/JOINT STAFF WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC

S E C R E T BAKU 000177

SIPDIS

E.O. 12958: DECL: 03/05/2019
TAGS: [PREL](#) [ETTC](#) [SNAR](#) [ETRD](#) [AM](#) [RU](#) [AJ](#) [IR](#)
SUBJECT: "DO US A FAVOR": IRANIAN EXPORTER DISCUSSES REGIME
PRESSURES, SMUGGLING ROUTES, AND IRAN NARCOTICS PROBLEM

REF: A) BAKU B) 2008 BAKU 982

Classified By: ROB GARVERICK, POLECON COUNSELOR, REASON 1.5 (B and D)

Summary

[1](#)1. (S) A Tehran-based Iranian shoe manufacturer and agricultural exporter told Baku Iran Watcher that he and other export/importers utilizing the Russia-Azerbaijan-Iran route and reverse are occasionally approached by known regime insiders or representatives of Iranian security for "help" in bringing in mis-labeled shipments into and out of Iran. Reasons for these shipments range from sanctions-busting to tax/tariff avoidance and/or financial fraudulence within Iran. He asserted that the Azerbaijani enclave of Nakhchivan is commonly utilized for bringing sensitive and sanction-busting items into Iran. The manufacturer also commented on narcotics problems in Iran, relating that his Tehran factory provides workers daily "narcotics" breaks every morning "otherwise they can't work for the rest of the day." End Summary.

Iranian Exporter-Importers...

[1](#)2. (S) XXXXXXXXXXXX is an Iranian shoe manufacturer and agricultural commodities exporter with a factory in the southern part of Tehran. Shahzad does considerable exporting to Azerbaijan, Russia, and Ukraine and visits Baku on business every six weeks or so. In a lunch meeting with Baku Iran Watcher and a mutual friend he commented at length about aspects of Iranian export-import through Azerbaijan, outlining some "tricks of the trade." He also related approaches by Iranian regime-affiliated organizations and individuals to himself and other established Iranian traders for various "favors," including assistance in transporting falsely-labeled goods either into or out of Iran.

Are Pressed to Do Favors

¶3. (S) XXXXXXXXXXXX said that many well-established Iranian traders are occasionally asked to assist in the hidden export of certain materials from Iran that are either illicit, export-restricted, or simply not entitled to any form of export credit. He said that it is very difficult to overtly refuse doing these "favors," as "everybody has something to hide" that may be used against them if they do not cooperate. (Note: Other Iranian contacts have noted that many Iranian commercial and export-import laws are routinely ignored. See ref B for an example of how this may be exploited by Iranian intelligence or well-connected individuals to target a specific company. End Note).

Fraudulent Labeling -----

¶4. (S) He said that the items are transported in falsely labeled boxes which are accompanied by false bills of lading. The fraudulent documents indicate that what is being exported are low or no-tariff items that also enable the exporter to earn tax credits or export subsidies from the Iranian government. XXXXXXXXXXXX asserted that persons tied to the Revolutionary Guard or other elements of the regime are commonly partners/instigators in such frauds. XXXXXXXXXXXX said that Jabrail Naveed "Azerbaijani" (ref A), whom he claimed to know well, is frequent a go-between with the Azerbaijani authorities in this business, which he called "a common game." (Note: According to other sources, Naveed has close relations with the Iranian authorities. He was the head of the Iran Trader's Association in Azerbaijan until its closing in the late 1990's. End Note.)

Sanctions-Busting Via Nakhchivan -----

¶5. (S) XXXXXXXXXXXX also described practices often followed in bringing sensitive or sanctioned items into (as opposed to out of) Iran. According to XXXXXXXXXXXX, these materials are commonly procured in third countries, falsely labeled, and

brought into Azerbaijan as imports to that country. Once in Azerbaijan, they are airlifted to the Azerbaijani enclave of Nakhchivan (which borders Iran), and subsequently moved across the border. XXXXXXXXXXXX said that sometimes the items are moved through the Iran border crossing at night during times when it is officially closed. He said that last year he was dragooned into cooperating in one such venture, and never knew what it was he was actually "importing." XXXXXXXXXXXX claimed that this particular smuggling job was canceled at the last moment, as "they decided to bring the stuff in via Pakistan."

Routes Through Occupied Territories Usable - But Why Bother? -----

¶6. (S) XXXXXXXXXXXX noted that a large swatch of Azerbaijan's "Occupied Territory" (i.e., territory currently controlled by the so-called "Republic of Nagorno-Karabagh") borders Iran. He confirmed that roads entering this area from Iran exist, though it was previously never the site of official border crossings. While speculating that some illicit items are likely being transported from or into Iran along these routes, XXXXXXXXXXXX stressed that he has no personal knowledge about it. He also questioned the likelihood of substantial use of this notional route, "since moving items across the legal (i.e. Azerbaijan-occupied) border is already quite easy."

Daily "Narcotics Break" -----

¶7. (C) In addition to exporting agricultural commodities and seeds (including cotton seeds) from Iran, XXXXXXXXXXXX and a partner own a shoe factory in south Tehran with about sixty workers. XXXXXXXXXXXX said that the factory is in a bad district, and asserted that "90 percent" of the adults in that area use narcotics. He said that the situation is so bad that at ten o'clock every morning his factory has a "narcotics break" so that his employees can take time to shoot up. "Otherwise they won't be able to work for the rest of the day," he claimed.

¶8. (C) XXXXXXXXXXXX observed that heroin, crystal meth, opium, and crack are easily available, and said that they are often offered (euphemistically) by waiters at tea houses. He accused the Iranian government of pursuing a double standard in combating drug addiction, focusing its attention and funds on ethnic Persians while "ignoring" drug addiction problems among Kurds, Lurs, Baluchis, and other minorities.
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